

## Article - Local Government

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§19–102.

(a) This section applies to a financial officer who is entrusted with the duty of investing the sinking funds or other funds accumulated or to be accumulated for the retirement of debts or other obligations of a county, municipality, public corporation, special district, or political subdivision of the State.

(b) If a State or local law requires a financial officer to invest any portion of a sinking fund or other funds accumulated or to be accumulated for the retirement of debts or other obligations, the financial officer shall invest the funds in the following classes of securities:

(1) the bonds or other obligations for the retirement of which the sinking fund is or will be created;

(2) the bonds, stock, or other valid obligations of the State or of any county, municipality, public corporation, special district, or other political subdivision of the State;

(3) the bonds or other obligations of the United States;

(4) United States Treasury Certificates; or

(5) bonds of any public corporation or other body, guaranteed as to payment of principal and interest by the United States.

(c) If a financial officer purchases a security under subsection (b) of this section at a premium, the financial officer shall make adjustments out of the interest received from the security to reimburse any sinking fund in the custody of the financial officer for the premium paid before the maturity of the security.

(d) A security purchased under subsection (b) of this section that may be registered shall be registered in the name of the financial officer for the purpose for which the security is purchased.

(e) (1) Pending investment or reinvestment, a financial officer shall deposit any uninvested money or other funds belonging to a sinking fund described in subsection (a) of this section in a banking institution or trust company located in the State.

(2) The financial officer shall demand adequate security from the banking institution or trust company for the amount of the deposit in excess of the guarantee of the Federal Deposit Insurance Corporation.

(3) The security may consist of:

(i) any of the classes of securities listed in subsection (b) of this section; or

(ii) a surety bond of a corporate surety company qualified to do business in the State.

(4) A deposit may not be made unless security is provided in accordance with this subsection.

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